GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4866
ANSWERED ON:16.12.2016
NSEL
Yadav Shri Jay Prakash Narayan

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has verified and authenticated data of 13000 investors for genuineness, who claimed to have lost money in National Spot Exchange Limited (NSEL) and if so, the details thereof;

(b) whether Income Tax Department has examined the financial details of investors in NSEL to find out the involvement of blackmoney and if so, the details thereof;

(c) the number of investors given clean chit by the Income Tax Department; and

(d) whether other agencies have started further investigation regarding other illegalities / malpractices against the investors in NSEL found guilty by the Income Tax Department, if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ARJUN RAM MEGHWAL)

(a): Economic Offences Wing of Mumbai Police has data of 12768 investors, who claimed to have lost monies in NSEL. The verification of genuineness of investors can be done through the examination of Know-Your-Customer (KYC) documents. Such verification is in progress on the basis of KYC documents submitted by the investors.

(b): Investigations were initiated by the Income Tax Department (ITD) in cases of members / brokers of NSEL and investors with substantial amounts with a view to verify the source of investment and whether the profits arising out of such investments had been disclosed to the Income-tax authorities.
The results of investigation were disseminated to the jurisdictional Assessing Officers for appropriate action. Further, information on 12735 and 9589 traders / brokers, suspected to have claimed bogus bad debts / violated provisions of Section 44AB of the Income-tax Act, 1961, respectively were received from NSEL in June, 2016. This information was disseminated to field authorities for appropriate action. Disclosure of information regarding specific taxpayers is prohibited, except as provided under section 138 of the Income-tax Act, 1961.

(c): None.

(d): Disclosure of information regarding specific taxpayers is prohibited except as provided under section 138 of the Income-tax Act, 1961. However, while the information with regard to investigations conducted by Income Tax authorities in connection with NSEL payment crisis in certain cases was shared by them with Enforcement Directorate (ED) and Economic Offences Wing of Mumbai Police (EoW), the investigation by other agencies (such as ED / EoW) is not necessarily dependent upon establishing guilt under provisions of the Income-tax Act, 1961. Income Tax Department conducted investigation under provisions of Income-tax Act, 1961. Similarly other agencies conducted investigation under respective laws administered through them.